

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

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E.O. 11652:N/A

TAGS: EIND, ETRD, PN, PQ

SUBJECT: US FERROUS SCRAP EXPORTS FROM CANAL ZONE

REF: PANAMA A-97, MAY 17, 1974

1. UNDER PRESENT USG FERROUS SCRAP EXPORT CONTROLS, USG UNABLE PROVIDE PANAMA PREFERENCE IN OBTAINING CANAL ZONE (CZ) SCRAP.
2. WHILE USG UNABLE PROVIDE PANAMA PREFERENCE IN OBTAINING CZ SCRAP, TWO POSSIBLE AVENUES OPEN TO PANAMA IN OBTAINING US SCRAP UNDER CONTROL PROGRAM: CONTINGENCY RESERVE ALLOCATION, AND USE OF "ALL OTHER COUNTRIES" QUOTA.
3. CONTINGENCY RESERVE ALLOCATION: FIRST AND SECOND QUARTER CONTROL PROGRAMS INCLUDED CONTINGENCY RESERVES (100,000 SHORT TONS IN FIRST QUARTER; 150,000 ST IN SECOND QUARTER) TO MEET INTER ALIA PRESSING HARDSHIP NEEDS OF

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FOREIGN COUNTRIES. THIRD QUARTER PROGRAM WILL ALSO

INCLUDE A CONTINGENCY RESERVE. IN ORDER FOR USG TO CONSIDER ANY GOP REQUEST FOR CONTINGENCY RESERVE ALLOCATION WE WOULD NEED FOLLOWING INFORMATION ON PANAMANIAN SCRAP NEEDS: PANAMANIAN STEEL (OR FOUNDRY IRON) PRODUCTION IN 1973, AND ESTIMATED PRODUCTION IN 1974 (ALSO 1975 ESTIMATE, IF AVAILABLE); SCRAP CONSUMPTION IN 1973, AND ESTIMATED CONSUMPTION NEEDS FOR 1974 (AND 1975). SOURCES OF PANAMANIAN SCRAP IN 1973 AND 1974, INCLUDING QUANTITIES (E.G.,

LOCALLY GENERATED; IMPORTED, LISTING SOURCES). DEPARTMENT WOULD ALSO APPRECIATE EMBASSY'S COMMENTS ON ANY DATA PROVIDED 6Y GOP. IN PARTICULAR, WOULD APPRECIATE EMBASSY COMMENTS ON WHETHER PANAMA ACTUALLY HAS A DOMESTIC NEED FOR CZ SCRAP FOR WHICH IT REQUESTED PREFERENTIAL TREATMENT, OR WHETHER IT WISHES HAVE THIS SCRAP LARGELY FOR RE-EXPORT PURPOSES. (IN THIS CONNECTION, WE NOTE THAT US FERROUS SCRAP EXPORTS TO PANAMA DURING 3-YEAR BASE PERIOD TOTALED ALL OF 65 ST, AS FOLLOWS: JULY-DEC 1970, 12 ST; CY 1971, 35 ST; CY 1972, ZERO; JAN-JUNE 1973, 18 ST).

4. "ALL OTHER COUNTRIES" QUOTA: IN ADDITION TO INDIVIDUAL COUNTRY QUOTAS OF 700 ST OR MORE (DEPENDING ON SIZE OF JULY 1970-JUNE 1973 BASE PERIOD EXPORTS OF US SCRAP TO GIVEN COUNTRY), SECOND QUARTER PROGRAM INCLUDES A COMBINED QUOTA OF 2,400 ST FOR "ALL OTHER COUNTRIES" (I.E., COUNTRIES OTHER THAN THOSE WITH SPECIFIC QUOTAS). INCLUDED WITHIN THIS CATEGORY ARE COUNTRIES ENTITLED TO QUOTAS SMALLER THAN THE 700 ST CUTOFF FOR AN INDIVIDUAL COUNTRY QUOTA LISTING, AS WELL AS THOSE COUNTRIES WITH NO BASE PERIOD HISTORY OF US SCRAP EXPORTS. ENTIRE "ALL OTHER COUNTRIES" QUOTA IS SHARED (IN VARYING AMOUNTS) BY TOTAL OF FOUR US SCRAP EXPORTERS, WHO FREE TO EXPORT THEIR QUOTA SHARES TO ANY COUNTRY(IES) WITHOUT AN INDIVIDUAL COUNTRY QUOTA LISTING.

5. WHILE FULL DETAILS OF THIRD QUARTER PROGRAM NOT YET ANNOUNCED, IT LIKELY THAT PROGRAM WILL INCLUDE AN "ALL OTHER COUNTRIES" QUOTA. CONFIDENTIALITY REQUIREMENTS OF EXPORT ADMINISTRATION ACT PREVENT US FROM PROVIDING PANAMANIAN NAMES OF US EXPORTERS SHARING "ALL OTHER LIMITED OFFICIAL USE

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COUNTRIES" QUOTA. HOWEVER, IF PANAMANIAN INTERESTED IN EXPLORING POSSIBILITIES MAKING USE OF THIS QUOTA, EMBASSY REQUESTED PROVIDE DEPARTMENT WITH NAME(S) OF GOP AND/OR INDUSTRY OFFICIAL(S) TO BE CONTACTED, AND WE WILL PASS THE INFORMATION TO THE US EXPORTERS WITH REQUEST THAT THEY CONTACT INDIVIDUAL(S) DIRECTLY.

6. IN ADDITION TO ABOVE TWO POSSIBILITIES, PANAMANIAN

SCRAP USERS MIGHT ALSO WISH TO EXPLORE POSSIBILITY
PURCHASING EX-QUOTA SHIPBREAKING SCRAP FROM US SHIP-
BREAKERS. DETAILS OF EX-QUOTA SHIPBREAKING SCRAP CON-
TAINED IN A-1445, FEB. 21, 1974; AND LISTING OF US SHIP-
BREAKERS IN A-2133, MARCH 15, 1974, COPIES OF WHICH SENT
TO ALL POSTS. KISSINGER

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